

## WHISARD Compliance Action Report

### U.S. Department of Labor Wage and Hour Division

Case ID: **1825884**      Originating District: **Atlanta GA District Office**  
Local Filing Number: **2017-111-31166**      Investigating District: **Atlanta GA District Office**  
WHMIS Case Number:      Lead Investigator: **(b) 6 & (b) 7C**  
Registration Date: **06/22/2017**  
Assignment Date: **06/22/2017**

#### Employer Information

Trade Name: **Inpax Shipping Solutions, Inc**      Legal Name: **Inpax Shipping Solutions, Inc (MODO)**  
Address: **2444 Forest Park Rd.**      EIN: **27-0463246**  
County: **Fulton**  
NAICS Code: **492210**  
No. Of Employees: **(b) 4**  
**Atlanta, GA30315**

#### Investigation Information

Period Investigated From: **08/30/2015**      BNPI:      ☐  
To: **12/05/2016**      Reinvestigation:      ☐  
Investigation Type: **(b) 7(E)**      Recurring Violation:      ☐  
Investigation Tool: **Full Investigation**      Future Compliance Agreed:      ☒  
Compliance Status: **Agree to Comply**      Involved in AG:      ☐

#### Recommended Action:

BWFS: ☒      RO/NO Review:      ☐  
CMP: ☐      Follow Up Investigation:      ☐  
Litigation: ☐      Other Action:      ☐  
Civil Action: ☐      Denial of Future Certificate:      ☐  
Criminal Action: ☐      BW Payment Deadline: **09/25/2017**  
Submit For Opinion: ☐      Trailer forms attached:      ☐

#### CL

Violation / Compliance Status	Violations	EEs ATP	BWs Computed	BWs Agreed	LDs Computed	LDs Agreed	CMPs*
No Violation found for this act / Compliance (no violations found)					\$0.00	\$0.00	

## WHISARD Compliance Action Report

### FLSA

Violation / Compliance Status	Violations	EEs ATP	BWs Computed	BWs Agreed	LDs Computed	LDs Agreed	CMPs*
<i>Failure to pay proper overtime / Agree to Comply</i>	402	402	\$144,072.79	\$144,072.79	\$0.00	\$0.00	
<i>Failure to keep accurate records / Agree to Comply</i>	1	0	\$0.00	\$0.00	\$0.00	\$0.00	
<b>FLSA Totals:</b>	402	402	\$144,072.79	\$144,072.79	\$0.00	\$0.00	
<b>Total Violations Under FLSA:</b>	403						\$0.00

### FMLA

Violation / Compliance Status	Violations	EEs ATP	BWs Computed	BWs Agreed	LDs Computed	LDs Agreed	CMPs*
<i>FMLA Record Keeping / Agreement to Remedy/Resolve (ATR)</i>	1	0	\$0.00	\$0.00	\$0.00	\$0.00	
<i>Failure to provide General Notice/Handbook / Agreement to Remedy/Resolve (ATR)</i>	1	0	\$0.00	\$0.00	\$0.00	\$0.00	
<i>Employer Policy Review - Failure/Incomplete Eligibility Notice / Agreement to Remedy/Resolve (ATR)</i>	1	0	\$0.00	\$0.00	\$0.00	\$0.00	

## WHISARD Compliance Action Report

### FMLA

Violation / Compliance Status	Violations	EEs ATP	BWs Computed	BWs Agreed	LDs Computed	LDs Agreed	CMPs*
<i>Employer Policy Review - Failure/Incomplete Rights and Responsibility Notice / Agreement to Remedy/Resolve (ATR)</i>	1	0	\$0.00	\$0.00	\$0.00	\$0.00	
<i>Employer Policy Review - Failure/Incomplete Designation Notice / Agreement to Remedy/Resolve (ATR)</i>	1	0	\$0.00	\$0.00	\$0.00	\$0.00	
<b>FMLA Totals:</b>	0	0	\$0.00	\$0.00	\$0.00	\$0.00	
<b>Total Violations Under FMLA:</b>		5					\$0.00

\* CMPs computed do not necessarily indicate CMPs assessed.

Unduplicated Employees Found:	402	Unduplicated Employees Agreed:	402
Total Amount BWs Computed:	\$144,072.79	Total Amount BWs Agreed:	\$144,072.79
Total Amount LDs Computed:	\$0.00	Total Amount LDs Agreed:	\$0.00

### Conclusions & Recommendations:

**12Hrs, Section 203(s)(1)(a) covered ER had violations for RK, OT and FMLA Policy. The ER had no CL, MW and HW violations. ER was paying overtime at the wrong rate and agreed to compute back wages to pay the OT. WHI verified the computations and the ER agreed to pay and comply by paying the back wages. Back wages are \$144,072.79 for 402EEs for the entire enterprise. WHI recommends this case be closed administratively when proof of payments are received in the Atlanta District Office.**

WHI Signature: \_\_\_\_\_ Date: 06/30/2017

Reviewed By: \_\_\_\_\_ Date: \_\_\_\_\_

Legal Name: Inpax Shipping Solutions, Inc. (MODO)

WHISARD ID# 2017-111-31166

D/b/a: Inpax Shipping Solutions

CASE ID # 1825884

Inpax Shipping Solutions

2444 Forest Park Rd

Atlanta, GA 30315

FEIN: 27-0463246

Phone: (404) 924-7090

lrichardson@shipinpax.com

## FLSA NARRATIVE

### COVERAGE

Inpax Shipping Solutions, Inc and Ship Inpax, LLC are in the business of transportation of goods in interstate commerce as well as performing last mile delivery of goods sold by (b) 4. They are commonly owned by one person Leonard Wright. Inpax Shipping Solutions and Ship Inpax are joint employers with (b) 4 via contract. They employ Courier drivers that are assigned to work out of (b) 4 warehouses to deliver orders to individual customers in the local area, Freight Drivers that drive long distance delivering packages and freight and Admin Staff. The drivers delivered goods that were traveling in interstate commerce at their time of delivery. Inpax Shipping Solutions and Ship Inpax employees routinely transported goods in interstate commerce. Per section 203(r) of the Fair Labor Standards Act (FLSA) and the legal definition of enterprise under the FLSA. Inpax Shipping Solutions was incorporated in the State of Georgia on December 5, 2015 and Ship Inpax was formed in the State of Georgia on June 30, 2009. Leonard Wright is the President and sole owner, who has 100% controlling interest in Inpax Shipping Solutions. Leonard Wright is also the president and majority owner who has a (b) 4 controlling interest in Ship Inpax, LLC. They are covered as an enterprise per section 203(s)(1)(a) of the Fair Labor Standards Act. They have 90 employees in

the Atlanta establishment and (b) 4 for the enterprise. The combined annual dollar volume (ADV) for Inpax Shipping Solutions, Inc and for Ship Inpax, LLC is (b) 4 in 2015. (b) 4 has (b) 4 employees and had an ADV of \$ (b) 4 in 2015. The employees that deliver goods for (b) 4 wear uniforms with the (b) 4 name and logo. Not all employees of Inpax Shipping solution and Ship Inpax work from the (b) 4 warehouse these employees work out of different properties owned by Inpax Shipping Solutions.

FLSA Sec 203(d) employer: Mr. David Williams is the 203(d) employer, which controls the day-to-day operations of the subject firm to include hiring/firing, acquiring business contracts, and making important business decisions that would affect the potential growth of the company. He does all of the estimating (of the jobs), runs all of the jobs, send the employees to do the jobs that he assigns them work.

MODO instructions: Case is associated with MODO ID 62186 with instructions to contact MODO manager if systemic violations are found before final conference. (See Exhibit D-0 through D-0-B)

Employment Relationship: Inpax Shipping Solutions, Inc has some Freight Drivers misclassified as Independent contractors prior to the investigation. Inpax Shipping Solutions, Inc has been issuing 1099's to these employees. Note the 6 factors and final determination below:

Extent to which the services in question are an integral part of the employer's business:

The employer owns the business; the employees are assigned work through the company. There are some drivers that own their own truck and make their schedules but this does not apply to all freight drivers. They were all classified as Independent Contractors prior to the investigation. None of the freight drivers were classified as employees prior to this investigation. Most of them work in relation to the other but they all perform the same type of work. I was not able to speak with any of the other drivers because the employer does not have phone numbers for the current or former drivers.

The work of the freight drivers is an integral part of the business because their work is why

the company is able to make the profits they make. These workers are part of the production process. The company could not function without the freight drivers which were classified as Independent Contractors- they are dependent on their production in order to meet their obligations to their customers. These reasons support an employment relationship.

The worker's opportunity for profit and loss:

Inpax Shipping Solutions, Inc sets the rates of pay for most of the freight drivers they considered Independent Contractors and pay them with a company check. They did not negotiate a rate and there was no bidding process. Some of the freight drivers (Independent contractors) do not hire and fire and some of them do hire the people they work with. Inpax train and inform them of the time to come to work and leave while some of the drivers that are contractors do their own training of workers. Most of the equipment they use are provided by the company. Some of them have formed a legal entity. There is no ability for some of these workers to increase profit-loss as they are paid what Inpax Shipping Solutions, Inc determines what they will be paid. These facts support an employment relationship.

The relative investments of the worker and employer:

Equipment and Supplies for the freight drivers are provided by the employer Inpax Shipping Solutions, Inc, there is no financing; the employees use the equipment and supplies and either dispose of or store them. There are licensed drivers or certification required to be a freight driver but there are no investments for most of them. These facts support a finding of an employment relationship.

Whether the services rendered by the worker require special skill:

There are no special skillsets/requirements as a freight driver other than having a commercial driver license (CDL), they hold a license or certification, there are no education requirements, there is a report to person over the freight drivers to determine how the work is performed and makes their schedule. The employer tells them what time to come in and what time to leave. The facts find an employment relationship.

The permanence of the working relationship:

This is the only employer that some of the workers work for and they are permanent. The investigation can not determine the number of hours a week and the number of days a week. They were hired directly and they do not have a contract. The facts find an employment

relationship.

The nature and degree of the employer's control as to the manner in which the work is performed:

The employer determines if there is going to be a bonus paid, there are no job tickets prepared for the workers, the workers do not prepare their own payroll or taxes, they were given a IRS 1099 prior to this investigation, there is no billing to handle because they are not charging the employer a fee to work but are paid via a Bill of Lading, some of them have a manager that supervises them, the employer tells them the time to be at work, they have to ask for permission to take leave, they are treated like employees, some of them do not hire and fire the people they work with. The facts support a finding of an employment relationship.

In conclusion It looks like the drivers that own their own trucks are independent contractors and the ones that use the company trucks are going to be employees. Problem though is that it appears that most of them have received at least minimum wage for all the hours they worked even with the illegal uniform deductions and possibly illegal insurance deductions. I am still seeking statements from truck drivers to determine if any of them were paid less than minimum wage.

## **EXEMPTIONS**

In accordance to FLSA sections 13(a)(1) Leonard Wright and David Williams were tested for Exemptions per 541 and found to be exempt. The exemptions do apply to the following personnel.

No other exemptions claimed for overtime because all of the employees are hourly and punch the time clock.

## **STATUS OF COMPLIANCE**

History: There is prior history for this employer. WHISARD CASE ID 176511, period of investigation of April 01, 2015 through August 29, 2015. Employer had a total of 68 violations totaling \$16,520.10. ER ATC/ATP and paid all back wages to all employees due back wages.



(b) 7(E) of a failure to pay Minimum Wage.

(b) 7(D)  
(b) 7(D) (b) 7(E) (b) 7(D)  
alleges of he has no idea as to how he is being paid. (b) 7(D) alleges to be a truck driver that drives local and long distance. He alleges to start his day at 6am and 14 hours a day and 70 hours a week. He alleges to drive and drop loads and pick up loads. (b) 7(D) alleges his check fluctuates but his hours are the same.

FLSA Section 206, Minimum Wage

No violations founded for this investigation

FLSA Section 207, Overtime

The ER violated Section 207 by not paying proper overtime. The ER was paying a weekly production bonus to the Courier Drivers and not adding it to the Regular Rate. The overtime paid was paid based on the number of hours worked in the week. 402 EEs were affected and are due back wages. ER agreed to comply and pay the back wages to all employees due OT in Dallas, Miami and Chicago. This is compliance for the entire enterprise. The comps were done by the ER but verified by WHI (b) 6 & (b) 7(C).

Method of Computations:

Gross + Bonus \ HRS = RR x 1.5 = OT rate \ OT HRS = OT Due – OT PD = OT wages.

Total OT wages owed = \$144,072.79 for 402 EEs

FLSA Section 211, Record Keeping

The employer did not provide or keep accurate payroll records for hours worked in accordance to Regulation 516.2, 516.3, 516.4, 516.5, 516.6 and 516.8. The employer had posters posted but not in clear view for employees and did not have records to show the basic information such as name, address and phone number.



## FLSA Section 212, Child Labor

There were no violations founded for this investigation

### **Disposition**

WHI (b) (6) & (b) (7)(C) held a final conference at the Atlanta DO on June 23, 2017 with Leonard Wright (Owner), David Williams (CFO), (b) (6) & (b) (7)(C) (WHI) and (b) (6) & (b) (7)(C) (WHI) representing Wage and Hour.

In the conference we talked about enterprise and individual coverage, including ADV. WHI (b) (6) & (b) (7)(C) explained how enterprise and individual coverage is determined. WHI (b) (6) & (b) (7)(C) passed a copy of the Fair Labor Standards Act (FLSA) to the employer and had him open it to the section where the establishment is covered. WHI (b) (6) & (b) (7)(C) then started by explaining enterprise coverage and how WHD uses this to determine how to proceed with an investigation. WHI (b) (6) & (b) (7)(C) explained this establishment is covered per FLSA Section 203(s) (1) (a). WHI (b) (6) & (b) (7)(C) also explained individual coverage and how it would pertain to the establishment and employees that are engaged in commerce or goods shipped in commerce across state lines for coverage if the establishment was not covered. WHI (b) (6) & (b) (7)(C) then asked if there are any questions and he said no.

We then discussed exemptions. WHI (b) (6) & (b) (7)(C) explained that in accordance to Reg. 541 that David Williams and Leonard Wright were tested for exemption per Regulation 541. Per the test the exemption applies to both of them per the regulation.

WHI (b) (6) & (b) (7)(C) passed them a copy of Reg. 778 and we then discussed Overtime. WHI (b) (6) & (b) (7)(C) explained that each workweek stands alone and that any hours after 40 should be paid at time and a half. WHI (b) (6) & (b) (7)(C) explained that because they paid overtime based on the hours over 40 and did not include the bonus is why the violation occurred. WHI (b) (6) & (b) (7)(C) explained to him that they should have added the bonus which would have changed the regular rate and then paid the overtime. The ER stated that after looking at the publication he realized that the bonus was not added to the gross wages and was paid wrong. He also showed me the payroll that they are paying proper overtime. We discussed that WHI (b) (6) & (b) (7)(C) verified the computations done by the ER and we agreed on the amount. We discussed the violations and how they needed to be in compliance. The ER had questions as to how they would continue to pay their bonuses and

not come out of compliance? WHI (b) (6) & (b) (7)(C) stated that they should just read PT.778 and follow the instructions. WHI (b) (6) & (b) (7)(C) asked if they had any questions and they said no.

In conclusion WHI (b) (6) & (b) (7)(C) explained how it is important for all covered business establishments to be compliant within all Federal Regulations. WHI (b) (6) & (b) (7)(C) explained that minimum wage is \$7.25 which all businesses must pay their employees at least. WHI (b) (6) & (b) (7)(C) also explained that records should be kept on every employee in the establishment. If records are kept then it is known in accordance to the regulations that all employees should be paid for all hours worked. This means that each workweek stands alone meaning any hours over 40 in a week should be paid at time and a half.

This is a Freight/Courier Company that work for (b) (4) by doing what is called "Final Mile Delivery" in Chicago, Atlanta, Dallas and Miami and just recently added Cincinnati to the company. They do the same for (b) (4). Freight operations in Atlanta GA goes across state lines delivering goods and the same in North Carolina. They also do Courier Service Envelopes and Semi Loads in GA.

#### Recommendations:

WHI recommends this case be closed administratively when proof of payment is received in the Atlanta District Office.

#### Publications

WHI (b) (6) & (b) (7)(C) provided these publications to the employer during this compliance action:

**FLSA:** FLSA, HRG, FS#44, FS#77A, PT. 516, PT. 541, PT. 778, PT. 785,  
PT.825

**CL:** WH1330

#### Employer Contact

- Direct any correspondence to:

<b>Inpax Shipping Solutions, Inc</b>
<b>ATTN: Leonard Wright</b>
<b>2444 Forest Park RD, SE</b>
<b>Atlanta GA 30315</b>
<b>Phone: 404-924-7090/770-616-3280</b>

**(b) 6 & (b) 7C**

Wage & Hour Investigator